

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

TERRAFORM LABS, PTE. LTD. and
DO HYEONG KWON,

Defendants.

Civil Action No. 23 Civ. 1346 (JSR)

Hon. Jed S. Rakoff

DEFENDANTS' PROPOSED VERDICT FORM

Do you find that the SEC proved, by a preponderance of the credible evidence, the facts stated in Questions 1 through 4 below:

1. Did Terraform and/or Mr. Kwon make one or more misstatement or omission concerning whether Chai used the Terraform blockchain to process and settle transactions?

_____ (Yes/No)

2. Did Terraform and/or Mr. Kwon make one or more misstatement or omission concerning the reasons for the restoration of UST's peg to one U.S. dollar in May 2021?

_____ (Yes/No)

[If you answered Yes to Question 1 or 2, continue to Question 3. If you answered No to Questions 1 and 2, have the presiding juror sign and date this form.]

3. Was the misstatement or omission concerning whether Chai used the Terraform blockchain to process and settle transactions material?

_____ (Yes/No)

4. Was the misstatement or omission concerning the reasons for the restoration of UST's peg to one U.S. dollar in May 2021 material?

_____ (Yes/No)

[If you answered Yes to Question 3 or 4, continue to Question 5. If you answered No to Questions 3 and 4, have the presiding juror sign and date this form.]

**Claim I – Fraud in the Offer of Sale of Security Through a Device, Scheme, or
Artifice to Defraud – Section 17(a)(1)**

Do you find that the SEC proved, by a preponderance of the credible evidence, the facts stated in Questions 5 through 7 below:

5. If you found that Terra and/or Mr. Kwon made one or more material misstatements or omissions above, did Terra and/or Mr. Kwon engage in one or more deceptive acts distinct from the material misstatements or omissions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 5, continue to Question 6. If you answered No for both Terraform and Mr. Kwon, continue to Question 8]

6. Did Terraform and/or Kwon act with (1) intent to defraud *or* (2) reckless disregard for the truth concerning:

- i. whether Chai used the Terraform blockchain to process and settle transactions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

- ii. the reasons for the restoration of UST's peg to one U.S. dollar in May 2021?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 6, continue to Question 7. If you answered No for both Terraform and Mr. Kwon, continue to Question 8]

7. Did Terraform and/or Kwon use, or cause to be used, means of instrumentalities of interstate commerce, in furtherance of the following?

- i. whether Chai used the Terraform blockchain to process and settle transactions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

- ii. the reasons for the restoration of UST's peg to one U.S. dollar in May 2021?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[Continue to Question 8]

Claim I – Material Misstatements or Omissions – Section 17(a)(2)

Do you find that the SEC proved, by a preponderance of the credible evidence, the facts stated in Questions 8 through 12 below:

8. If you found that Terra and/or Mr. Kwon made one or more material misstatements or omissions above, Did Terraform and/or Mr. Kwon make or have ultimate authority over the relevant misstatement or omission?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 8, continue to Question 9. If you answered No for both Terraform and Mr. Kwon, continue to Question 13]

9. Did the misstatement or omission result in Terraform and/or Mr. Kwon obtaining money or property?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 9, continue to Question 10. If you answered No for both Terraform and Mr. Kwon, continue to Question 13]

10. Was the misstatement or omission made in connection with an offer or sale of a security?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 10, continue to Question 11. If you answered No for both Terraform and Mr. Kwon, continue to Question 13]

11. Did Terraform and/or Kwon act with (1) intent to defraud *or* (2) reckless disregard for the truth concerning:

- i. whether Chai used the Terraform blockchain to process and settle transactions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

- ii. the reasons for the restoration of UST's peg to one U.S. dollar in May 2021?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 11, continue to Question 12. If you answered No for both Terraform and Mr. Kwon, continue to Question 13]

12. Did Terraform and/or Kwon use, or caused to be used, means of instrumentalities of interstate commerce, in furtherance of the alleged fraud?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[Continue to Question 13]

Claim I – Engaging in a Fraudulent Act, Practice, or Course of Business, in the Offer or Sale of a Security – Section 17(a)(3)

Do you find that the SEC proved, by a preponderance of the credible evidence, the facts stated in Questions 13 through 16 below:

13. If you found that Terraform and/or Mr. Kwon made one or more material misstatements or omissions above, did Terraform and/or Mr. Kwon engage in one or more deceptive acts distinct from the material misstatements or omissions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 13, continue to Question 14. If you answered No for both Terraform and Mr. Kwon, continue to Question 17]

14. Did the alleged fraud occur in an offer or sale of a security?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 14, continue to Question 15. If you answered No for both Terraform and Mr. Kwon, continue to Question 17]

15. Did Terraform and/or Kwon act with (1) intent to defraud, (2) reckless disregard for the truth, or (3) negligence concerning:

- i. whether Chai used the Terraform blockchain to process and settle transactions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

- ii. the reasons for the restoration of UST's peg to one U.S. dollar in May 2021?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 15, continue to Question 16. If you answered No for both Terraform and Mr. Kwon, continue to Question 17]

16. Did Terraform and/or Kwon use, or caused to be used, means of instrumentalities of interstate commerce, in furtherance of the following?

- i. whether Chai used the Terraform blockchain to process and settle transactions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

- ii. the reasons for the restoration of UST's peg to one U.S. dollar in May 2021?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[Continue to Question 17]

**Claim II – Fraud in Connection with Purchase or Sale of Securities
– Section 10(b) and Rule 10b-5**

Do you find that the SEC proved, by a preponderance of the credible evidence, Questions 17 through 22 below:

17. If you found that Terraform and/or Mr. Kwon made one or more material misstatements or omissions above, did Terraform and/or Mr. Kwon engage in one or more deceptive acts distinct from the material misstatements or omissions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 17, continue to Question 18. If you answered No, have the presiding juror sign and date this form]

18. Did Terraform and/or Mr. Kwon make or have ultimate authority over the relevant misstatement or omission?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 18, continue to Question 19. If you answered No, have the presiding juror sign and date this form]

19. Did the misstatement or omission result in Terraform and/or Mr. Kwon obtaining money or property?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 19, continue to Question 20. If you answered No, have the presiding juror sign and date this form]

20. Did the alleged fraud occur in a purchase or sale of a security?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 21, continue to Question 22. If you answered No, have the presiding juror sign and date this form]

21. Did Terraform and/or Kwon act with (1) intent to defraud, (2) reckless disregard for the truth, *or* (3) negligence concerning:

- i. whether Chai used the Terraform blockchain to process and settle transactions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

- ii. the reasons for the restoration of UST's peg to one U.S. dollar in May 2021?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[If you answered to Yes to Question 21, continue to Question 22. If you answered No, have the presiding juror sign and date this form]

22. Did Terraform and/or Kwon use, or caused to be used, means of instrumentalities of interstate commerce, in furtherance of the following?

- i. whether Chai used the Terraform blockchain to process and settle transactions?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

- ii. the reasons for the restoration of UST's peg to one U.S. dollar in May 2021?

Terraform: _____ (Yes/No)

Mr. Kwon: _____ (Yes/No)

[Continue to Question 23]

Claim III – Control Person Liability

Do you find that the SEC proved, by a preponderance of the credible evidence, the facts stated in Questions 23 through 25 below:

23. Did Terraform violate Section 10(b) and Rule 10b-5 (Claim II above)? (*Answer Yes if you answered Yes for Terraform under Question 22*)

_____ (Yes/No)

[If you answered Yes to Question 23, continue to Question 24. If you answered No, have the presiding juror sign and date this form]

24. Did Mr. Kwon directly or indirectly exert control over Terraform at the time of the violation?

_____ (Yes/No)

[If you answered Yes to Question 24, continue to Question 25. If you answered No, have the presiding juror sign and date this form]

25. Was Mr. Kwon a culpable participant in the violation committed by Terraform?

_____ (Yes/No)

[Upon answering this question, have the presiding juror sign and date this form]

So SAY WE ALL.

DATE: _____

Foreperson's Signature

Date: March 18, 2024

Respectfully submitted,

/s/Mark G. Califano

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